



May 10, 2022

## Consolidated Financial Results for the Fiscal Year 2021 (From April 1, 2021 to March 31, 2022) [Japan GAAP]

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL <https://www.idemitsu.com>)  
 Company Code: 5019, Shares listed on: Tokyo Stock Exchange  
 Name of Representative: Shunichi Kito, Representative Director & Chief Executive Officer  
 Contact Person: Munehiro Sekine, General Manager, Investor Relations Office,  
 Finance & Accounting Department  
 Telephone: +81-3-3213-9307  
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022  
 Scheduled date of commencement of dividend payments: June 2, 2022  
 Scheduled date of filing of Securities Report: June 23, 2022  
 Supplemental materials for the financial results: Yes  
 Financial results presentation: Yes (for institutional investors and analysts)

(Figures less than ¥1 million are rounded off)

### 1. Consolidated Financial Results for FY2021 (From April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results (Percentages represent changes from prior year)

|        | Net sales |        | Operating income |       | Ordinary income |       | Net income attributable to owners of the parent |       |
|--------|-----------|--------|------------------|-------|-----------------|-------|---|-------|
|        | ¥million  | %      | ¥million         | %     | ¥million        | %     | ¥million  | %     |
| FY2021 | 6,686,761 | 46.7   | 434,453          | 210.2 | 459,275         | 323.8 | 279,498   | 700.4 |
| FY2020 | 4,556,620 | (24.6) | 140,062          | —     | 108,372         | —     | 34,920  | —     |

Notes: Comprehensive income FY2021 ¥300,114 million (580.2%) FY2020 ¥44,120 million (—%)

|        | Net income per share | Diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|--------|----------------------|------------------------------|------------------|--|--|
|        | ¥                    | ¥                            | %                | %  | %                                      |
| FY2021 | 940.15               | —                            | 21.8             | 10.7                                     | 6.5                                    |
| FY2020 | 117.47               | —                            | 3.0              | 2.8                                      | 3.1                                    |

Reference: Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates FY2021 ¥15,029 million  
 FY2020 ¥(39,789) million

#### (2) Consolidated financial position

|        | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|--------------|------------|--------------|----------------------|
|        | ¥million     | ¥million   | %            | ¥                    |
| FY2021 | 4,601,183    | 1,436,512  | 30.7         | 4,749.70             |
| FY2020 | 3,954,443    | 1,215,136  | 29.1         | 3,871.69             |

Reference: Total equity FY2021 ¥1,412,101 million FY2020 ¥1,150,930 million

#### (3) Consolidated cash flows

|        | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|        | ¥million                             | ¥million                             | ¥million                             | ¥million                                       |
| FY2021 | 146,111                              | (111,628)                            | (30,003)                             | 139,030  |
| FY2020 | 170,466                              | (109,851)                            | (56,227)                             | 130,956  |

## 2. Dividends

|                   | Cash dividends per share |              |              |              |        | Total dividend amount | Payout ratio (Consolidated) | Dividends on equity ratio (Consolidated) |
|-------------------|--------------------------|--------------|--------------|--------------|--------|-----------------------|-----------------------------|--|
|                   | As of Jun.30             | As of Sep.30 | As of Dec.31 | As of Mar.31 | Total  |                       |                             |  |
|                   | ¥                        | ¥            | ¥            | ¥            | ¥      | ¥million              | %                           | %  |
| FY2020            | —                        | 60.00        | —            | 60.00        | 120.00 | 35,740                | 102.2                       | 3.1                                      |
| FY2021            | —                        | 60.00        | —            | 110.00       | 170.00 | 50,630                | 18.1                        | 3.9                                      |
| FY2022 (Forecast) | —                        | 60.00        | —            | 60.00        | 120.00 |                       | 21.6                        |  |

Note: Breakdown of the fiscal year-end dividend for FY2021: Ordinary dividend: ¥60.00; Commemorative dividend: ¥50.00 (110th anniversary of foundation)

## 3. Forecasts of Consolidated Financial Results for FY2022 (From April 1, 2022 to March 31, 2023)

(Percentages represent changes from prior year)

|        | Net sales |      | Operating income |        | Ordinary income |        | Net income attributable to owners of the parent |        | Net income per share |
|--------|-----------|------|------------------|--------|-----------------|--------|---|--------|----------------------|
|        | ¥million  | %    | ¥million         | %      | ¥million        | %      | ¥million  | %      | ¥                    |
| FY2022 | 8,600,000 | 28.6 | 190,000          | (56.3) | 210,000         | (54.3) | 165,000   | (41.0) | 554.99               |

### \* Notes

(1) Changes of number of material consolidated subsidiaries during the fiscal year: **None**

(2) Changes in accounting policies and accounting estimates, or restatement

a) Changes in accounting policies arising from revision of accounting standards: **Yes**

b) Changes arising from other factors: **None**

c) Changes in accounting estimates: **None**

d) Restatement: **None**

(3) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of March 31, 2022: 297,864,718 As of March 31, 2021: 297,864,718

b) Number of shares of treasury stock

As of March 31, 2022: 561,317 As of March 31, 2021: 596,197

c) Weighted average number of shares outstanding during the period

FY2021: 297,290,832 FY2020: 297,269,637

(Reference)

1. Nonconsolidated Financial Results for FY2021 (From April 1, 2021 to March 31, 2022)

(1) Nonconsolidated operating results (Percentages represent changes from prior year)

|        | Net sales |        | Operating income |       | Ordinary income |       | Net income |       |
|--------|-----------|--------|------------------|-------|-----------------|-------|------------|-------|
|        | ¥million  | %      | ¥million         | %     | ¥million        | %     | ¥million   | %     |
| FY2021 | 5,064,029 | 47.4   | 317,291          | 228.9 | 361,914         | 157.0 | 271,592    | 180.7 |
| FY2020 | 3,435,415 | (19.9) | 96,465           | —     | 140,810         | 960.6 | 96,760     | —     |

|        | Net income per share | Diluted net income per share |
|--------|----------------------|------------------------------|
|        | ¥                    | ¥                            |
| FY2021 | 913.50               | —                            |
| FY2020 | 325.48               | —                            |

(2) Nonconsolidated financial position

|        | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|--------------|------------|--------------|----------------------|
|        | ¥million     | ¥million   | %            | ¥                    |
| FY2021 | 3,839,630    | 1,175,997  | 30.6         | 3,955.31             |
| FY2020 | 3,233,323    | 941,701    | 29.1         | 3,167.66             |

Reference: Total equity FY2021 ¥1,175,997 million FY2020 ¥941,701 million

\* This document is out of the scope of audit performed by certificated public accountants or audit firms.

\* The financial forecasts in this document are based on information currently available and certain assumptions deemed reasonable. Actual operating results may differ from these forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the financial results, please refer to page 8 “Forecasts of consolidated financial results for FY2022” of the Appendix.

## Contents of the Appendix

|  |    |
|--|----|
| 1. Overviews Concerning Operating Results and Financial Position.....            | 2  |
| (1) Overview Concerning Operating Results.....                                   | 2  |
| (2) Overview Concerning Financial Position.....                                  | 8  |
| (3) Basic Policy on Distribution of Profits/Dividends for FY2021 and FY2022..... | 10 |
| 2. Principal Policy for Selecting Financial Reporting Framework.....             | 11 |
| 3. Consolidated Financial Statements and Major Notes.....                        | 12 |
| (1) Consolidated Balance Sheets.....   | 12 |
| (2) Consolidated Statements of Income and Comprehensive Income.....              | 14 |
| 1) Consolidated Statements of Income.....  | 14 |
| 2) Consolidated Statements of Comprehensive Income.....                          | 15 |
| (3) Consolidated Statements of Changes in Net Assets.....                        | 16 |
| (4) Consolidated Statements of Cash Flows .....                                  | 18 |
| (5) Notes to Consolidated Financial Statements.....                              | 20 |
| (Notes on the Assumption of a Going Concern).....                                | 20 |
| (Changes in Accounting Policies) .....   | 20 |
| (Segment and Related Information).....   | 21 |
| (Other Notes to Consolidated Financial Statements).....                          | 27 |
| (Per Share Information).....   | 27 |
| (Significant Subsequent Events).....   | 27 |

[Appendix]

## 1. Overviews Concerning Operating Results and Financial Position

### (1) Overview Concerning Operating Results

#### 1) General economic conditions and environment surrounding the Idemitsu Group

During the current fiscal year, the Japanese economy continued to show signs of stagnation due to the spread of COVID-19 and the accompanying issuance of states of emergency and activity restriction measures. However, the economy gradually recovered throughout the fiscal year due to the spread of vaccination and other factors.

Regarding domestic sales of petroleum products, gasoline and other primary fuels were on a par with the previous fiscal year since people refrained from going out due to the outbreak of COVID-19 but sales of jet fuel increased from the previous fiscal year due to the resumption and increase of domestic flights.

As to crude oil prices, during the first half of the fiscal year the prices had been on an upward trend because the supply–demand balance remained tight as oil demand recovered due to economic normalization in the United States and Europe in association with the spread of vaccination against COVID-19 and in terms of supply, OPEC Plus continued cooperative production cutbacks after April. In the second half of the fiscal year, there was a temporary decline due to concerns about an economic slowdown caused by the spread of the Omicron variant infection. However, moving into January 2022, crude oil prices have turned upward due to observations that the impact on the economy will be limited. After Russia's invasion of Ukraine in February 2022, geopolitical risks surfaced, and prices of crude oil and other natural resources skyrocketed toward the end of the fiscal year. As a result, Dubai crude oil prices continued to rise from \$63/bbl at the beginning of the fiscal year, and temporarily exceeded \$120/bbl toward the end of the fiscal year, resulting in an annual average price of \$78.1/bbl, up \$33.6/bbl from the previous fiscal year.

The yen's exchange rate against the U.S. dollar generally ranged from ¥109 to ¥111 in the first half of the fiscal year, but since October, the yen has been sold due to rising expectations of interest rate hikes due to rising prices in the United States and the worsening of Japan's trade balance against the backdrop of high crude oil prices. In late November, the yen reached ¥115/\$ for the first time in four years, and the dollar has continued to rise since then. From March onward, as the United States decided to raise its policy interest rate, the appreciation of the dollar accelerated sharply against the backdrop of further increases in natural resources due to Russia's invasion of Ukraine, temporarily reaching ¥125/\$ toward the end of the fiscal year. Consequently, the average rate rose by ¥6.3/\$ from the previous fiscal year to ¥112.4/\$.

#### 2) Operating results

The Idemitsu Group's net sales for fiscal 2021 were ¥6,686.8 billion, up 46.7% from the previous fiscal year, mainly due to factors including surging crude oil prices. Cost of sales was ¥5,802.6 billion, up 45.2% from the previous fiscal year. Selling, general and administrative expenses totaled ¥449.7 billion, up 7.3% from the previous

fiscal year.

Operating income was ¥434.5 billion, up ¥294.4 billion from the previous fiscal year, mainly due to a ¥233.2 billion gain on the effect of inventory valuation, up from a ¥7.5 billion gain in the previous fiscal year, and an increase in income in the Petroleum segment.

Net non-operating income was ¥24.8 billion, up ¥56.5 billion from the previous fiscal year, owing primarily to improvements in equity in earnings of non-consolidated subsidiaries and affiliates. Consequently, ordinary income was ¥459.3 billion, an increase of ¥350.9 billion from the previous fiscal year.

Net extraordinary loss was ¥71.2 billion, an increase of ¥27.4 billion from the previous fiscal year, mainly due to the recording of loss on write-down of long-term loans receivable from subsidiaries.

Income taxes expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥111.3 billion, an increase of ¥81.9 billion from the previous fiscal year. Net loss attributable to noncontrolling interests for the period was ¥2.7 billion, an increase of ¥3.0 billion from the previous fiscal year.

As a result, net income attributable to owners of the parent was ¥279.5 billion, an increase of ¥244.6 billion from the preceding fiscal year.

### 3) Progress and results of business

The progress and results of our business by segment are as follows:

As to annual reporting periods, domestic subsidiaries use March 31, 2022 as their balance sheet date whereas overseas subsidiaries use December 31, 2021 as their balance sheet date, except for certain subsidiaries. As such, the following performance of the business segments includes the operating results of overseas subsidiaries for the year ended December 31, 2021, and those of domestic subsidiaries for the year ended March 31, 2022.

Net sales by segment

(Unit: ¥Billion)

| Segment                    | FY2020  | FY2021  | Change (Decrease) |         |
|----------------------------|---------|---------|-------------------|---------|
|                            |         |         | Amount            | %       |
| Petroleum                  | 3,593.4 | 5,219.4 | +1,626.0          | +45.3 % |
| Basic chemicals            | 329.0   | 563.5   | +234.5            | +71.3 % |
| Functional materials       | 332.6   | 421.4   | +88.8             | +26.7 % |
| Power and renewable energy | 123.7   | 138.3   | +14.5             | +11.8 % |
| Resources                  | 172.0   | 338.8   | +166.8            | +97.0 % |
| Others                     | 5.9     | 5.3     | (0.5)             | (9.2) % |
| Total                      | 4,556.6 | 6,686.8 | +2,130.1          | +46.7 % |

Segment income (loss) by segment

(Unit: ¥Billion)

| Segment  | FY2020      | FY2021       | Change (Decrease) |                 |
|--|-------------|--------------|-------------------|-----------------|
|  |             |              | Amount            | %               |
| Petroleum  | 102.1       | 369.7        | +267.6            | +262.1 %        |
| <i>: excluding effect of inventory valuation</i> | <i>94.7</i> | <i>136.5</i> | <i>+41.8</i>      | <i>+44.2 %</i>  |
| Basic chemicals                                  | 3.4         | 8.2          | +4.8              | +140.2 %        |
| Functional materials                             | 13.0        | 17.1         | +4.1              | +31.8 %         |
| Power and renewable energy                       | (17.3)      | (9.9)        | +7.4              | —               |
| Resources  | 4.7         | 81.0         | +76.3             | —               |
| Others   | 0.9         | 0.8          | (0.1)             | (13.4) %        |
| Reconciliation                                   | (6.6)       | (17.4)       | (10.8)            | —               |
| Total  | 100.3       | 449.5        | +349.2            | +348.3 %        |
| <i>: excluding effect of inventory valuation</i> | <i>92.8</i> | <i>216.2</i> | <i>+123.4</i>     | <i>+133.0 %</i> |

Note: Segment income (loss) is the total of operating income (loss) and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates.

[Petroleum segment]

Under the social mission of sustaining Japan's energy security, the Company strived to strengthen the competitiveness of its domestic supply chain, while also being committed to establishing overseas business in order to realize sustainable growth.

In domestic manufacturing and supply, the Company worked on creating synergy by strengthening the network alignment among its refineries and complexes; optimizing its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient. Amid severe fluctuations in demand due to the COVID-19 pandemic, the Company worked to ensure a stable supply of petroleum by flexibly responding to supply and demand,

such as adjusting the operation of refineries and importing and exporting products.

In domestic marketing and sales, in order to maintain and expand businesses utilizing the service station (SSs) network, which is the property of the Idemitsu Group, smart measures based on the new application Drive On and Car maintenance reservation management system PIT in plus / SEIBIS, and mobility measures such as Raku-Raku Anshin Shaken and Auto Flat, which are personal car leases, will be implemented to make the service station a maintenance base for all mobile devices. In addition, in order to fulfill the "responsibility to support community ties" stated in the 2030 Vision, the Company has begun demonstration of mobile brain docks and ghost kitchens as part of the "Smart Yorozuya" concept for SS. In addition, the Company is accelerating new initiatives such as the establishment of Idemitsu Tajima EV Co., Ltd., which handles next-generation mobility services, and the acquisition of shares of QLC Produce Corporation, which is working to create a system that comprehensively cooperates and supports the nursing care business.

Regarding business efforts in overseas markets, the Company worked to ensure stable operation of the Nghi Son Refinery in Vietnam. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in the growing markets such as the Asia Pacific Rim region.

Consequently, net sales in the petroleum segment were ¥5,219.4 billion, up 45.3% from the previous fiscal year, due to the surging crude oil prices. Segment income was ¥369.7 billion, up 262.1% from the previous fiscal year, due to the impact of gain from inventory valuation from the year-round rise in crude oil prices, improved product margins resulting from time lags, and an increase in equity in earnings of non-consolidated subsidiaries and affiliates, which more than offset an increase in costs such as in-house combustion. Gain from inventory valuation included in operating income was ¥233.2 billion.

#### [Basic chemicals segment]

To enhance the competitiveness of our existing business, the Company shut down two old naphtha cracking furnaces and installed a new high-efficiency naphtha cracking furnace at the ethylene production facility of the Tokuyama Complex, and commenced operations in February 2021. By improving the efficiency of ethylene production, the Company plans to achieve an energy saving effect of 30% compared with conventional products and contribute to a reduction in CO<sub>2</sub> emissions of approximately 16,000 tons per year.

In addition, the Company has established a company-wide working group to address carbon neutrality, and is starting to study the development of a circular economy including chemical recycling.

Consequently, net sales in the basic chemicals segment were ¥563.5 billion, up 71.3% from the previous fiscal year, due to increases in naphtha prices on a customs clearance basis. Segment income was ¥8.2 billion, up 140.2% from the previous fiscal year, due to the recovery of product margins of styrene monomer.



[Functional materials segment]

(Lubricants business)

To expand sales globally, the Company worked to develop lubricants suitable for EV electric units, which are expected to increase in demand in the future, and grease to meet the needs for higher heat resistance and lower noise pollution associated with motor driving. The Company also strengthened initiatives of product development and sales strategy to expand sales of Idemitsu brand products overseas.

(Performance chemicals business)

On the strength of its own technologies, the Company strived to expand high performance materials such as engineering plastics for automobiles, information and communication, adhesive substrates for daily necessities, and intermediates for durable consumer goods. In 2020, the Company collaborated with Formosa Petrochemical Corporation in Taiwan to expand the scale of our business by production of hydrogenated petroleum resin (Product name: I-MARV®) to the market for adhesive substrates. Furthermore, in engineering plastics, the Company has decided to expand the production scale of SPS (syndiotactic polystyrene) resin, which is a unique technology of the Company, and started the construction of the second plant in Malaysia. The construction is scheduled to be completed by the end of fiscal 2022.

(Electronic materials business)

The electronic materials business evolved around OLED materials and oxidation semiconductors. The operation of the Company's OLED materials manufacturing plant in Chengdu, Sichuan Province, China, which began commercial operation in 2020, continued smoothly, establishing a manufacturing and supply system with three bases in Japan, South Korea, and China.

(Functional paving material business (high functional asphalt business))

In domestic asphalt demand remained strongly, the Company strived for a stable supply for infrastructure development and worked on product development based on the needs of the ordering party, and technological development to realize carbon neutrality in collaboration with other business segments. In our overseas business, the results of test construction on the actual expressway with the local client in Southeast Asia were decided to adopt as an order specification.

(Agricultural biotechnology products business)

SDS Biotech K.K. became a consolidated subsidiary through a tender offer in June 2011, and has been promoting joint initiatives centering on agriculture-related materials. In order to further strengthen partnerships and realize synergies, the Company has decided to make SDS Biotech a wholly owned subsidiary of the Company and to succeed the Company's Agri-Bio Business Department to SDS Biotech through an absorption-type company split, thereby integrating Agri-Bio Business.

As a result of the above, net sales in the High Performance Materials segment were ¥421.4 billion, up 26.7% from the previous fiscal year, and the segment income was ¥17.1 billion, up 31.8% from the previous fiscal year, due to a decrease in sales volume in the lubricants business segment, which was more than offset by an increase in profit due to an increase in margins in the performance chemicals business and an increase in sales volume in the electronic materials business.

[Power and renewable energy segment]

Efforts are made under the three basic policies of “maintenance and expansion of core businesses,” “promotion of renewable energy sources development at home and abroad” and “verification and development of solution businesses.” In Japan, the Company is promoting initiatives with local governments, such as concluding a partnership agreement with Saitama City to promote co-creation to realize zero carbon city. Overseas, the development of large-scale solar power plants in the United States and the Philippines was successfully completed. In Southeast Asia, growth market, in addition to large-scale solar power plants, the Company is also working to install photovoltaic power generation system on the roofs of customer facilities.

Consequently, net sales of the power and renewable energy segment were ¥138.3 billion, up 11.8% from the previous fiscal year. Segment loss was ¥9.9 billion, a decrease of ¥7.4 billion from the previous fiscal year, mainly due to a reaction to an increase in procurement costs caused by soaring electricity markets during the previous fiscal year.

[Resources segment]

(Oil/natural gas exploration and production and geothermal energy business)

In the oil/natural gas exploration and production business, in Europe, the Company ensured stable production at the existing in the northern North Sea basin, off the coast of northern Norway and worked on oilfield development in the northern North Sea basin, where the Company succeeded in exploration, and has commenced production of the Dura oil and gas field. In addition, by transferring a portion of the shares of Idemitsu Snorre Oil Development Co., Ltd. (currently INPEX Norway Co., Ltd.), a consolidated subsidiary of the Company, to INPEX CORPORATION, Idemitsu Snorre became an equity-method affiliate, resulting in a reduction and streamlining of the consolidated balance sheet. The Company became the operator of the project to develop natural gas and continued stable production in an offshore mine site project off the coast of southern Vietnam, which began production in November 2020.

In the geothermal energy business, the Company worked to ensure safe operation of existing power plants, as well as the development of new projects in Japan, such as in the Oyasu, Yuzawa City, Akita Prefecture, and the examination of overseas projects.

Net sales of the oil/natural gas exploration and production and geothermal energy business were ¥75.4 billion, up 128.9% from the previous fiscal year, mainly due to the increase in crude oil price. Segment income was ¥38.7 billion, up 473.4% from the previous fiscal year.

(Coal business and others)

In Australia, the Company conducted trial production to introduce new technologies such as remote automatic coal mining to enhance the competitiveness of existing mines. In addition, the Company has taken steps to mitigate environmental burdens and contribute to local communities, including studies on the commercialization of solar power system and pumped storage hydroelectric power system using mine assets, and the commencement of joint studies and surveys on the Green Hydrogen and Ammonia Project at Newcastle port.

In the low-carbon solutions business, the Company has decided to build a commercial

plant for black pellets (Product name: Idemitsu Green Energy Pellet™), a biomass fuel alternative to coal, in Vietnam. In addition to the optimization system to control coal boilers, the Company also started sales of the optimization system of biomass fuel co-firing rate.

Net sales of the coal business and others were ¥263.4 billion, up 89.4% from the previous fiscal year. Segment income was ¥42.3 billion, up ¥44.3 billion from the previous fiscal year, due to the increase in coal prices.

As a result, total net sales of the resources segment were ¥338.8 billion, up 97.0% from the previous fiscal year, and segment income was ¥81.0 billion, up ¥76.3 billion from the previous fiscal year.

[Research & Development and new business development]

(Solid electrolyte for all-solid lithium ion rechargeable battery)

Using lithium sulfide, for which the Company has its own manufacturing technologies, as a raw material, the Company conducted R&D on solid electrolytes, which are the key materials for the next-generation all-solid lithium ion rechargeable battery, and proceeded with efforts toward commercialization. In order to realize early commercialization, the Company constructed demonstration facilities at the Chiba Complex and started operation in November 2021.

4) Forecasts of consolidated financial results for FY2022

Regarding the forecasts of consolidated financial results for FY2022, the Company expects net sales of ¥8,600.0 billion, up 28.6%, operating income of ¥190.0 billion, down 56.3%, ordinary income of ¥210.0 billion, down 54.3%, and net income attributable to owners of the parent of ¥165.0 billion, down 41.0%, owing to the recovery of demand for petroleum products and rising resource prices.

The above forecasts of consolidated financial results for the fiscal year ending March 31, 2023, are based on the assumptions below:

Dubai Crude Oil Price: US\$100/bbl

Foreign Exchange Rate: ¥120/US\$

Forecasts for FY2022 and financial results for FY2021

(Unit: ¥Billion)

|                   | Net sales | Operating income | Ordinary income | Net income attributable to owners of the parent |
|-------------------|-----------|------------------|-----------------|---|
| FY2022            | 8,600.0   | 190.0            | 210.0           | 165.0   |
| FY2021            | 6,686.8   | 434.5            | 459.3           | 279.5   |
| Change (Decrease) | 28.6 %    | (56.3) %         | (54.3) %        | (41.0) %  |

The above forecasts for FY2022 are based on information available as of the date of publication of this document. The actual operating results may differ from the forecasts due to various factors in the future.

## (2) Overview Concerning Financial Position

### 1) Analysis of financial position

#### Summarized Consolidated Balance Sheets

|                                  | (Unit: ¥Billion) |         |        |
|----------------------------------|------------------|---------|--------|
|                                  | FY2020           | FY2021  | Change |
| Current assets                   | 1,665.5          | 2,368.1 | +702.6 |
| Fixed assets                     | 2,288.9          | 2,233.1 | (55.8) |
| Total assets                     | 3,954.4          | 4,601.2 | +646.7 |
| Current liabilities              | 1,621.3          | 2,061.3 | +440.0 |
| Non-current liabilities          | 1,118.0          | 1,103.4 | (14.6) |
| Total liabilities                | 2,739.3          | 3,164.7 | +425.4 |
| Total net assets                 | 1,215.1          | 1,436.5 | +221.4 |
| Total liabilities and net assets | 3,954.4          | 4,601.2 | +646.7 |

#### a) Total assets

Total assets as of March 31, 2022, were ¥4,601.2 billion, an increase of ¥646.7 billion from the end of the previous fiscal year, mainly due to increases in inventories and accounts receivable - trade caused by the surging crude oil prices.

#### b) Total liabilities

Total liabilities as of March 31, 2022, were ¥3,164.7 billion, an increase of ¥425.4 billion from the end of the previous fiscal year, mainly due to an increase in notes and accounts payable-trade owing to surging crude oil prices.

#### c) Total net assets

Total net assets as of March 31, 2022, were ¥1,436.5 billion, an increase of ¥221.4 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥279.5 billion, despite dividend payments of ¥35.7 billion and a decrease in noncontrolling interests of ¥39.8 billion.

Consequently, the shareholders' equity ratio as of March 31, 2022 was 30.7%, an increase of 1.6 points from 29.1% at the end of the previous fiscal year. The Net D/E ratio as of March 31, 2022, was 0.9 (end of the previous fiscal year: 1.0).

## 2) Analysis of cash flows

### Summarized Consolidated Statements of Cash Flows

|  | (Unit: ¥Billion) |         |
|--|------------------|---------|
|  | FY2020           | FY2021  |
| Cash flows from operating activities   | 170.5            | 146.1   |
| Cash flows from investing activities   | (109.9)          | (111.6) |
| Cash flows from financing activities   | (56.2)           | (30.0)  |
| Effect of exchange rate change on cash and cash equivalents                                      | (3.2)            | 3.1     |
| Net increase (decrease) in cash and cash equivalents   | 1.2              | 7.6     |
| Cash and cash equivalents at the beginning of period   | 129.3            | 131.0   |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 0.5              | 0.5     |
| Cash and cash equivalents at the end of period   | 131.0            | 139.0   |

Cash and cash equivalents (“funds”) as of March 31, 2022 were ¥139.0 billion, an increase of ¥8.1 billion compared with the end of the preceding fiscal year. Major factors for this increase are as follows:

a) Cash flows from operating activities

Although the required operating capital increased due to the rise in the import price of crude oil, net cash provided by operating activities amounted to ¥146.1 billion owing to factors contributing to increased funds, such as depreciation and net income before income taxes.

b) Cash flows from investing activities

Net cash used in investing activities amounted to ¥111.6 billion, mainly due to the acquisition of property, plant and equipment (¥94.7 billion) such as investment in maintenance and replacement of refinery facilities and investment in the mega solar power generation business in the United States.

c) Cash flows from financing activities

Net cash used in financing activities was ¥30.0 billion, mainly due to dividend payments (¥35.7 billion) and repayment of interest-bearing debt.

(3) Basic Policy on Distribution of Profits/Dividends for FY2021 and FY2022

With respect to the year-end dividends for fiscal 2021, the Company has determined to pay a dividend of ¥110 per share (Ordinary dividend: ¥60; Commemorative dividend: ¥50). As a result, annual dividends for the fiscal year ended March 31, 2022, are ¥170 per share. The Company plans to secure a total return ratio of at least 50% of net income, excluding the effect of inventory valuation for the cumulative three years from 2020 to 2022, based on its policy of a stable dividend of ¥120 a year from 2021 to 2022 described in “Medium-term Business Plan Revision,” which the Company released on May 11, 2021, recognizing that returning profits to shareholders is an important management issue.

Based on the above policy, the Company plans to pay annual dividends of ¥120 per share for the next fiscal year.

For details of the commemorative dividend for the 110th anniversary of the company's foundation, please refer to the "Announcement on Dividends from Surplus (110th Anniversary Memorial Dividends and Ordinary Dividends)" announced today.

## **2. Principal Policy for Selecting Financial Reporting Framework**

The Idemitsu Group applies generally accepted accounting principles in Japan. We do not yet plan to elect to adopt International Financial Reporting Standards (“IFRS”). In response to potentially possible adoption of IFRS in the future, we have been tailoring group accounting policies.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

|   | (Unit: ¥Million)       |                        |
|---|------------------------|------------------------|
|   | FY2020                 | FY2021                 |
|   | (As of March 31, 2021) | (As of March 31, 2022) |
| Assets                                    |                        |                        |
| Current assets:                           |                        |                        |
| Cash and deposits                         | 131,343                | 140,281                |
| Notes and accounts receivable, trade      | 602,661                | 870,483                |
| Inventories                               | 694,522                | 1,060,205              |
| Accounts receivable, other                | 178,536                | 242,860                |
| Other                                     | 59,974                 | 55,283                 |
| Less: Allowance for doubtful accounts     | (1,521)                | (1,026)                |
| Total current assets                      | 1,665,516              | 2,368,088              |
| Fixed assets:                             |                        |                        |
| Property, plant and equipment:            |                        |                        |
| Buildings and structures, net             | 266,693                | 268,941                |
| Machinery, equipment and vehicles, net    | 309,885                | 286,611                |
| Land                                      | 808,037                | 779,921                |
| Construction in progress                  | 58,815                 | 24,204                 |
| Other, net                                | 78,468                 | 78,131                 |
| Total property, plant and equipment       | 1,521,899              | 1,437,810              |
| Intangible fixed assets:                  |                        |                        |
| Goodwill                                  | 159,006                | 149,691                |
| Other                                     | 160,245                | 158,937                |
| Total intangible fixed assets             | 319,252                | 308,628                |
| Investments and other assets:             |                        |                        |
| Investment securities                     | 239,196                | 261,095                |
| Long-term loans receivable                | 37,720                 | 12,301                 |
| Assets for employees' retirement benefits | 2,183                  | 43,369                 |
| Deferred tax assets                       | 21,019                 | 10,597                 |
| Other                                     | 149,814                | 161,852                |
| Less: Allowance for doubtful accounts     | (2,160)                | (2,561)                |
| Total investments and other assets        | 447,774                | 486,655                |
| Total fixed assets                        | 2,288,926              | 2,233,094              |
| Total assets                              | 3,954,443              | 4,601,183              |

(Unit: ¥Million)

|  | FY2020<br>(As of March 31, 2021) | FY2021<br>(As of March 31, 2022) |
|--|----------------------------------|----------------------------------|
| <b>Liabilities</b>   |                                  |                                  |
| Current liabilities:                                       |                                  |                                  |
| Notes and accounts payable, trade                          | 530,697                          | 840,834                          |
| Short-term loans payable                                   | 334,309                          | 369,043                          |
| Commercial paper   | 188,005                          | 237,000                          |
| Current portion of bonds payable                           | 20,000                           | 10,000                           |
| Accounts payable, other                                    | 406,890                          | 390,920                          |
| Income taxes payable                                       | 18,422                           | 39,908                           |
| Provision for bonuses                                      | 11,392                           | 13,942                           |
| Other  | 111,568                          | 159,622                          |
| Total current liabilities                                  | 1,621,286                        | 2,061,273                        |
| Non-current liabilities:                                   |                                  |                                  |
| Bonds payable  | 100,000                          | 130,000                          |
| Long-term loans payable                                    | 637,468                          | 590,767                          |
| Deferred tax liabilities                                   | 9,643                            | 34,468                           |
| Deferred tax liability related to land revaluation         | 84,993                           | 84,211                           |
| Liability for employees' retirement benefits               | 49,232                           | 71,648                           |
| Reserve for repair work                                    | 73,197                           | 67,527                           |
| Asset retirement obligations                               | 77,647                           | 44,914                           |
| Other  | 85,836                           | 79,859                           |
| Total non-current liabilities                              | 1,118,019                        | 1,103,397                        |
| Total liabilities  | 2,739,306                        | 3,164,670                        |
| <b>Net assets</b>  |                                  |                                  |
| Shareholders' equity:                                      |                                  |                                  |
| Common stock   | 168,351                          | 168,351                          |
| Capital surplus  | 461,635                          | 460,507                          |
| Retained earnings  | 400,579                          | 645,330                          |
| Treasury stock   | (2,008)                          | (1,883)                          |
| Total shareholders' equity                                 | 1,028,559                        | 1,272,306                        |
| Accumulated other comprehensive income:                    |                                  |                                  |
| Unrealized gains (losses) on available-for-sale securities | 5,792                            | 3,443                            |
| Deferred gains (losses) on hedging activities, net         | (1,209)                          | (5,236)                          |
| Surplus from land revaluation                              | 159,585                          | 157,154                          |
| Foreign currency translation adjustments                   | (47,207)                         | (26,762)                         |
| Defined retirement benefit plans                           | 5,410                            | 11,196                           |
| Total accumulated other comprehensive income               | 122,371                          | 139,795                          |
| Noncontrolling interests                                   | 64,206                           | 24,410                           |
| Total net assets   | 1,215,136                        | 1,436,512                        |
| Total liabilities and net assets                           | 3,954,443                        | 4,601,183                        |



## (2) Consolidated Statements of Income and Comprehensive Income

## 1) Consolidated Statements of Income

|   | (Unit: ¥Million)                                    |   |
|---|---|---|
|   | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
| Net sales   | 4,556,620   | 6,686,761   |
| Cost of sales   | 3,997,591   | 5,802,585   |
| Gross profit  | 559,028   | 884,175   |
| Selling, general and administrative expenses                              | 418,965   | 449,722   |
| Operating income  | 140,062   | 434,453   |
| Non-operating income:   |   |   |
| Interest income   | 9,935   | 9,083   |
| Equity in earnings of nonconsolidated subsidiaries<br>and affiliates, net | —   | 15,029  |
| Dividend income   | 4,237   | 4,284   |
| Gain on foreign exchange, net   | —   | 2,842   |
| Subsidy income  | 4,655   | 3,528   |
| Other   | 4,564   | 5,555   |
| Total non-operating income  | 23,392  | 40,324  |
| Non-operating expenses:   |   |   |
| Interest expense  | 11,982  | 11,207  |
| Equity in losses of nonconsolidated subsidiaries<br>and affiliates, net   | 39,789  | —   |
| Other   | 3,309   | 4,295   |
| Total non-operating expenses  | 55,082  | 15,502  |
| Ordinary income   | 108,372   | 459,275   |
| Extraordinary income:   |   |   |
| Gain on sales of fixed assets   | 13,081  | 16,114  |
| Gain on sales of investment securities                                    | 59  | 3,546   |
| Gain on amortization of past service cost                                 | —   | 2,144   |
| Other   | 1,947   | 4,877   |
| Total extraordinary income  | 15,087  | 26,683  |
| Extraordinary loss:   |   |   |
| Impairment loss on fixed assets   | 20,164  | 15,907  |
| Loss on sales of fixed assets   | 1,121   | 4,246   |
| Loss on disposals of fixed assets   | 6,863   | 9,752   |
| Loss on valuation of investment securities                                | 6,193   | 209   |
| Loss from money transfer scam at foreign<br>subsidiary                    | 3,672   | —   |
| Loss on write-down of long-term loans receivable                          | 18,114  | 55,916  |
| Other   | 2,747   | 11,864  |
| Total extraordinary loss  | 58,877  | 97,896  |
| Income before income taxes  | 64,582  | 388,062   |
| Income taxes-current  | 17,756  | 71,821  |
| Income taxes-deferred   | 11,586  | 39,437  |
| Total income taxes  | 29,343  | 111,258   |
| Net income  | 35,239  | 276,803   |
| Net income (loss) attributable to noncontrolling<br>interests             | 319   | (2,695)   |
| Net income attributable to owners of the parent                           | 34,920  | 279,498   |

## 2) Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

|  | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
|--|---|---|
| Net income   | 35,239  | 276,803   |
| Other comprehensive income:  |   |   |
| Unrealized gains (losses) on available-for-sale securities                       | 4,033   | (1,841)   |
| Deferred gains (losses) on hedging activities, net                               | 5,220   | (1,889)   |
| Surplus from land revaluation  | 825   | (201)   |
| Foreign currency translation adjustments   | (11,267)  | 28,453  |
| Defined retirement benefit plans   | 8,917   | 6,109   |
| Share of other comprehensive income in equity method subsidiaries and affiliates | 1,151   | (7,319)   |
| Total other comprehensive income   | 8,881   | 23,311  |
| Comprehensive income   | 44,120  | 300,114   |
| Comprehensive income attributable to:  |   |   |
| Owners of the parent   | 42,367  | 301,008   |
| Noncontrolling interests   | 1,753   | (894)   |

(3) Consolidated Statements of Changes in Net Assets  
FY2020 (From April 1, 2020 to March 31, 2021)

(Unit: ¥Million)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period   | 168,351              | 461,636         | 408,064           | (2,042)        | 1,036,010                  |
| Cumulative effect due to changes in accounting policies                              |                      |                 |                   |                | —                          |
| Balance at the beginning of current period reflecting changes in accounting policies | 168,351              | 461,636         | 408,064           | (2,042)        | 1,036,010                  |
| Changes of items during the period:  |                      |                 |                   |                |                            |
| Dividends from surplus   |                      |                 | (41,697)          |                | (41,697)                   |
| Capital surplus (goodwill)   |                      | (0)             |                   |                | (0)                        |
| Net income attributable to owners of the parent                                      |                      |                 | 34,920            |                | 34,920                     |
| Change in scope of consolidation   |                      |                 | 218               |                | 218                        |
| Acquisitions of treasury stock   |                      |                 |                   | (25)           | (25)                       |
| Disposals of treasury stock  |                      |                 | (0)               | 59             | 59                         |
| Adjustment due to sales and revaluation of land                                      |                      |                 | (925)             |                | (925)                      |
| Net changes of items other than shareholders' equity                                 |                      |                 |                   |                |                            |
| Total changes of items during the period   | —                    | (0)             | (7,484)           | 34             | (7,450)                    |
| Balance at the end of current period   | 168,351              | 461,635         | 400,579           | (2,008)        | 1,028,559                  |

|  | Accumulated other comprehensive income                     |  |                               |  |                                  |  | Non-controlling interests | Total net assets |
|--|--|--|-------------------------------|--|----------------------------------|--|---------------------------|------------------|
|  | Unrealized gains (losses) on available-for-sale securities | Deferred gains (losses) on hedging activities, net | Surplus from land revaluation | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of current period   | 1,524  | (7,667)  | 157,834                       | (34,370)                                 | (3,321)                          | 113,999                                      | 50,555                    | 1,200,564        |
| Cumulative effect due to changes in accounting policies                              |  |  |                               |  |                                  |  |                           | —                |
| Balance at the beginning of current period reflecting changes in accounting policies | 1,524  | (7,667)  | 157,834                       | (34,370)                                 | (3,321)                          | 113,999                                      | 50,555                    | 1,200,564        |
| Changes of items during the period:  |  |  |                               |  |                                  |  |                           |                  |
| Dividends from surplus   |  |  |                               |  |                                  |  |                           | (41,697)         |
| Capital surplus (goodwill)   |  |  |                               |  |                                  |  |                           | (0)              |
| Net income attributable to owners of the parent                                      |  |  |                               |  |                                  |  |                           | 34,920           |
| Change in scope of consolidation   |  |  |                               |  |                                  |  |                           | 218              |
| Acquisitions of treasury stock   |  |  |                               |  |                                  |  |                           | (25)             |
| Disposals of treasury stock  |  |  |                               |  |                                  |  |                           | 59               |
| Adjustment due to sales and revaluation of land                                      |  |  | 925                           |  |                                  | 925  |                           | —                |
| Net changes of items other than shareholders' equity                                 | 4,268  | 6,457  | 825                           | (12,836)                                 | 8,731                            | 7,446  | 13,651                    | 21,097           |
| Total changes of items during the period   | 4,268  | 6,457  | 1,750                         | (12,836)                                 | 8,731                            | 8,372  | 13,651                    | 14,572           |
| Balance at the end of current period   | 5,792  | (1,209)  | 159,585                       | (47,207)                                 | 5,410                            | 122,371                                      | 64,206                    | 1,215,136        |

FY2021 (From April 1, 2021 to March 31, 2022)

(Unit: ¥Million)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period   | 168,351              | 461,635         | 400,579           | (2,008)        | 1,028,559                  |
| Cumulative effect due to changes in accounting policies                              |                      |                 | 1,054             |                | 1,054                      |
| Balance at the beginning of current period reflecting changes in accounting policies | 168,351              | 461,635         | 401,633           | (2,008)        | 1,029,613                  |
| Changes of items during the period:  |                      |                 |                   |                |                            |
| Dividends from surplus   |                      |                 | (35,739)          |                | (35,739)                   |
| Capital surplus (goodwill)   |                      | (1,128)         |                   |                | (1,128)                    |
| Net income attributable to owners of the parent                                      |                      |                 | 279,498           |                | 279,498                    |
| Change in scope of consolidation   |                      |                 | (2,291)           |                | (2,291)                    |
| Acquisitions of treasury stock   |                      |                 |                   | (33)           | (33)                       |
| Disposals of treasury stock  |                      | (0)             |                   | 158            | 158                        |
| Adjustment due to sales and revaluation of land                                      |                      |                 | 2,229             |                | 2,229                      |
| Net changes of items other than shareholders' equity                                 |                      |                 |                   |                |                            |
| Total changes of items during the period   | —                    | (1,128)         | 243,696           | 124            | 242,693                    |
| Balance at the end of current period   | 168,351              | 460,507         | 645,330           | (1,883)        | 1,272,306                  |

|  | Accumulated other comprehensive income                     |  |                               |  |                                  |  | Non-controlling interests | Total net assets |
|--|--|--|-------------------------------|--|----------------------------------|--|---------------------------|------------------|
|  | Unrealized gains (losses) on available-for-sale securities | Deferred gains (losses) on hedging activities, net | Surplus from land revaluation | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of current period   | 5,792  | (1,209)  | 159,585                       | (47,207)                                 | 5,410                            | 122,371                                      | 64,206                    | 1,215,136        |
| Cumulative effect due to changes in accounting policies                              |  |  |                               |  |                                  |  |                           | 1,054            |
| Balance at the beginning of current period reflecting changes in accounting policies | 5,792  | (1,209)  | 159,585                       | (47,207)                                 | 5,410                            | 122,371                                      | 64,206                    | 1,216,190        |
| Changes of items during the period:  |  |  |                               |  |                                  |  |                           |                  |
| Dividends from surplus   |  |  |                               |  |                                  |  |                           | (35,739)         |
| Capital surplus (goodwill)   |  |  |                               |  |                                  |  |                           | (1,128)          |
| Net income attributable to owners of the parent                                      |  |  |                               |  |                                  |  |                           | 279,498          |
| Change in scope of consolidation   |  |  |                               |  |                                  |  |                           | (2,291)          |
| Acquisitions of treasury stock   |  |  |                               |  |                                  |  |                           | (33)             |
| Disposals of treasury stock  |  |  |                               |  |                                  |  |                           | 158              |
| Adjustment due to sales and revaluation of land                                      |  |  | (2,229)                       |  |                                  | (2,229)                                      |                           | —                |
| Net changes of items other than shareholders' equity                                 | (2,348)  | (4,027)  | (201)                         | 20,444                                   | 5,786                            | 19,652                                       | (39,795)                  | (20,142)         |
| Total changes of items during the period   | (2,348)  | (4,027)  | (2,430)                       | 20,444                                   | 5,786                            | 17,423                                       | (39,795)                  | 220,321          |
| Balance at the end of current period   | 3,443  | (5,236)  | 157,154                       | (26,762)                                 | 11,196                           | 139,795                                      | 24,410                    | 1,436,512        |

## (4) Consolidated Statements of Cash Flows

(Unit: ¥Million)

|  | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
|--|---|---|
| Cash flows from operating activities:  |   |   |
| Income before income taxes   | 64,582  | 388,062   |
| Depreciation and amortization  | 98,158  | 104,767   |
| Impairment loss on fixed assets  | 20,164  | 15,907  |
| Amortization of goodwill   | 9,629   | 9,510   |
| Increase (decrease) in liability for employees' retirement benefits                        | (20,021)  | (18,677)  |
| Increase (decrease) in reserve for repair work   | 9,058   | (5,670)   |
| Interest and dividend income   | (14,172)  | (13,368)  |
| Interest expense   | 11,982  | 11,207  |
| Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates, net            | 39,789  | (15,029)  |
| (Gain) loss on sales of fixed assets, net  | (11,959)  | (11,868)  |
| (Gain) loss on valuation of investment securities, net                                     | 6,193   | 209   |
| Loss on write-down of long-term loans receivable   | 18,114  | 55,916  |
| (Increase) decrease in notes and accounts receivable, trade                                | (19,805)  | (250,351)   |
| (Increase) decrease in inventories   | (82,777)  | (354,270)   |
| (Increase) decrease in accounts receivable, other  | (40,455)  | (54,803)  |
| Increase (decrease) in notes and accounts payable, trade                                   | 63,901  | 290,740   |
| Increase (decrease) in accounts payable, other   | 59,129  | (17,190)  |
| Other, net   | (37,481)  | 35,997  |
| Subtotal   | 174,031   | 171,087   |
| Interest and dividends received  | 15,866  | 23,070  |
| Interest paid  | (11,811)  | (11,351)  |
| Income taxes paid  | (7,620)   | (36,696)  |
| Net cash provided by (used in) operating activities  | 170,466   | 146,111   |
| Cash flows from investing activities:  |   |   |
| Purchases of tangible fixed assets   | (121,064)   | (94,741)  |
| Proceeds from sales of tangible fixed assets   | 27,669  | 44,361  |
| Purchases of intangible fixed assets   | (11,763)  | (12,710)  |
| Acquisitions of investment securities  | (1,837)   | (9,462)   |
| Proceeds from sales of investment securities   | 2,538   | 5,490   |
| Purchases of shares of subsidiaries resulting in change in scope of consolidation          | —   | (2,180)   |
| Proceeds for sales of shares of subsidiaries resulting in change in scope of consolidation | 1,061   | 1,933   |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | —   | (851)   |
| Disbursements for long-term loans  | (370)   | (250)   |
| Proceeds from collection of long-term loans receivable                                     | 2,025   | 1,685   |
| (Increase) decrease in short-term loans receivable, net                                    | 1,419   | (3,478)   |
| Payments for investments in capital of subsidiaries and associates                         | (5,089)   | —   |
| Other, net   | (4,440)   | (41,421)  |
| Net cash provided by (used in) investing activities  | (109,851)   | (111,628)   |

(Unit: ¥Million)

|   | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
|---|---|---|
| Cash flows from financing activities:   |   |   |
| Increase (decrease) in short-term loans payable, net                                    | 76,110  | (6,998)   |
| Increase (decrease) in commercial paper, net  | (127,960)   | 48,995  |
| Proceeds from long-term loans payable   | 121,034   | 28,525  |
| Repayments of long-term loans payable   | (124,444)   | (57,670)  |
| Proceeds from issuance of bonds   | 40,000  | 40,000  |
| Redemption of bonds   | —   | (20,000)  |
| Purchases of treasury stock   | (25)  | (33)  |
| Proceeds from disposals of treasury stock   | 59  | 158   |
| Cash dividends paid   | (41,697)  | (35,739)  |
| Proceeds from share issuance to non-controlling<br>shareholders                         | 14,039  | 6,028   |
| Cash dividends paid to non-controlling interests  | (2,141)   | (22,006)  |
| Other, net  | (11,200)  | (11,261)  |
| Net cash provided by (used in) financing activities                                     | (56,227)  | (30,003)  |
| Effect of exchange rate change on cash and cash<br>equivalents                          | (3,230)   | 3,127   |
| Net increase (decrease) in cash and cash equivalents                                    | 1,157   | 7,606   |
| Cash and cash equivalents at the beginning of period                                    | 129,335   | 130,956   |
| Increase in cash and cash equivalents resulting from newly<br>consolidated subsidiaries | 463   | 467   |
| Cash and cash equivalents at the end of period  | 130,956   | 139,030   |

(5) Notes to Consolidated Financial Statements  
(Notes on the Assumption of a Going Concern)  
None

(Changes in Accounting Policies)

(Application of accounting standards for revenue recognition)

Effective April 1, 2021, the Idemitsu Group applied "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards"). Under the Revenue Recognition Accounting Standards, revenue is recognized when the control of the promised goods or services is transferred to the customer at the amount expected to be received in exchange for the goods or services.

The main changes resulting from the application of the Revenue Recognition Accounting Standards are as follows.

a) Revenue recognition for principal and agent transactions

Previously, the Group recognized revenue from certain transactions based on the total consideration received from customers. However, for transactions in which the Group's role in providing goods or services to customers is an agent, the Group recognizes revenue based on the net amount, namely the amount received from customers less payments to suppliers.

b) Revenue recognition for amounts collected for third parties

Previously, some transactions were recorded as revenues without excluding the amount collected for third parties from the total amount of consideration. However, the amount collected for third parties is recorded as deposits received.

In accordance with the transitional provision provided in the provisory clause of Article 84 of the Standards, the cumulative effect at the end of last fiscal year from retrospective application of the Standard is treated as adjustment to retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the adjusted beginning balance of retained earnings.

As a result, net sales for the fiscal year ended March 31, 2022 decreased by ¥58,415 million, cost of sales decreased by ¥52,059 million, selling, general and administrative expenses decreased by ¥7,102 million, operating income increased by ¥745 million and ordinary income and net income before income taxes increased by ¥632 million, respectively. The balance of retained earnings at the beginning of the fiscal year increased by ¥1,054 million.

(Application of Accounting Standard for Fair Value Measurement)

Effective April 1, 2021, the Idemitsu Group applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, hereinafter referred to as "Fair Value Accounting Standards") and others. In accordance with the transitional provision set forth in Article 19 of the Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Idemitsu Group applied prospectively a new accounting policy prescribed by the Fair Value Accounting Standards and others. This application has no impact on the consolidated financial statements.

(Segment and Related Information)

Segment Information

1. Description of reportable segments

The Company's business segments cover the Group's business units for which separate financial information is available on the business units for the whole Group and for which the Company's Board of Directors carries out a periodic review in order to determine the allocation of management resources and to evaluate their operating performance.

Major businesses in each segment are shown in the following table.

| Reportable segment         | Major businesses   |
|----------------------------|--|
| Petroleum                  | Production, sales, import/export, trading, etc. of refined petroleum products  |
| Basic chemicals            | Production, sales, etc. of olefin/aroma products   |
| Functional materials       | Lubricants, performance chemicals, electronic materials, Functional paving material business, agricultural biotechnology products business, etc. |
| Power and renewable energy | Power generation (thermal power, solar power, wind power, etc.), sales of electricity and solar cell business                                    |
| Resources                  | Exploration, development, production and sales of crude oil, natural gas and other energy resources such as coals                                |

2. Methods of measurement for the amounts of sales, income, assets and other items for each reportable segment

The accounting method used for reported business segments complies with accounting policy that has been adopted in preparing the consolidated financial statements. The Company accounts for inter-segment sales and transfers as if the sales and transfers were made to third parties.



### 3. Information about sales, income, assets and other items by reportable segment

FY2020 (From April 1, 2020 to March 31, 2021)

(Unit: ¥Million)

|  | Reportable segment |                    |                         |                                  |           |           | Others<br>(*1) | Total     | Reconciliation<br>(*2, 3, 5, 6) | Consolidated<br>(*4) |
|--|--------------------|--------------------|-------------------------|----------------------------------|-----------|-----------|----------------|-----------|---------------------------------|----------------------|
|  | Petroleum          | Basic<br>chemicals | Functional<br>materials | Power and<br>renewable<br>energy | Resources | Total     |                |           |                                 |                      |
| Net sales:   |                    |                    |                         |                                  |           |           |                |           |                                 |                      |
| Net sales to outside<br>customers  | 3,593,399          | 329,044            | 332,592                 | 123,745                          | 171,977   | 4,550,760 | 5,860          | 4,556,620 | -                               | 4,556,620            |
| Inter-segment  | 18,448             | 19,045             | 16,913                  | 1,722                            | 1,045     | 57,175    | 1,664          | 58,839    | (58,839)                        | -                    |
| Total  | 3,611,848          | 348,089            | 349,505                 | 125,468                          | 173,022   | 4,607,935 | 7,524          | 4,615,459 | (58,839)                        | 4,556,620            |
| Operating income (loss)  | 143,199            | 3,010              | 12,193                  | (17,229)                         | 4,101     | 145,275   | 931            | 146,207   | (6,144)                         | 140,062              |
| Equity in earnings<br>(losses) of<br>nonconsolidated<br>subsidiaries and<br>affiliates | (41,093)           | 391                | 804                     | (75)                             | 628       | (39,344)  | -              | (39,344)  | (444)                           | (39,789)             |
| Segment income (loss)  | 102,105            | 3,401              | 12,998                  | (17,305)                         | 4,729     | 105,931   | 931            | 106,862   | (6,589)                         | 100,273              |
| Segment assets   | 2,510,048          | 347,851            | 265,906                 | 202,789                          | 341,652   | 3,668,249 | 157,929        | 3,826,178 | 128,264                         | 3,954,443            |
| Other items:   |                    |                    |                         |                                  |           |           |                |           |                                 |                      |
| Depreciation and<br>amortization   | 57,274             | 6,141              | 7,857                   | 2,215                            | 24,119    | 97,608    | 27             | 97,635    | 523                             | 98,158               |
| Amortization of<br>goodwill  | 7,162              | 34                 | 289                     | 2,142                            | -         | 9,628     | 0              | 9,629     | -                               | 9,629                |
| Impairment loss on<br>fixed assets   | 362                | -                  | -                       | 510                              | 19,292    | 20,164    | -              | 20,164    | -                               | 20,164               |
| Investment in equity<br>method<br>nonconsolidated<br>subsidiaries and<br>affiliates    | 82,189             | 42,148             | 8,213                   | 4,291                            | 5,236     | 142,079   | -              | 142,079   | 25,075                          | 167,155              |
| Unamortized balance of<br>goodwill   | 120,288            | 79                 | 72                      | 38,565                           | -         | 159,006   | 0              | 159,006   | -                               | 159,006              |
| Increase of property,<br>plant, equipment and<br>intangible fixed assets               | 55,958             | 13,075             | 10,155                  | 32,013                           | 35,475    | 146,678   | 26             | 146,704   | 4,709                           | 151,414              |

#### Notes:

1. The segment "Others" refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income (loss) of the reportable segments is reconciled to the amount of operating income and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated statement of income.
5. The amount of reconciliation for the segment assets represents elimination among the reportable segments and the amount of Company assets that are not allocated to reportable segments.
6. The amounts of reconciliation for "Depreciation and amortization" and "Increase of property, plant, equipment and intangible fixed assets" mainly represent depreciation and increases in fixed assets for research and development that do not belong to the reportable segments.

FY2021 (From April 1, 2021 to March 31, 2022)

(Unit: ¥Million)

|  | Reportable segment |                    |                         |                                  |           |           | Others<br>(*1) | Total     | Reconciliation<br>(*2, 3, 5, 6) | Consolidated<br>(*4) |
|--|--------------------|--------------------|-------------------------|----------------------------------|-----------|-----------|----------------|-----------|---------------------------------|----------------------|
|  | Petroleum          | Basic<br>chemicals | Functional<br>materials | Power and<br>renewable<br>energy | Resources | Total     |                |           |                                 |                      |
| Net sales:   |                    |                    |                         |                                  |           |           |                |           |                                 |                      |
| Net sales to outside<br>customers  | 5,219,413          | 563,526            | 421,437                 | 138,289                          | 338,776   | 6,681,442 | 5,319          | 6,686,761 | -                               | 6,686,761            |
| Inter-segment  | 29,865             | 30,041             | 18,298                  | 3,364                            | 3         | 81,573    | 1,780          | 83,354    | (83,354)                        | -                    |
| Total  | 5,249,278          | 593,567            | 439,736                 | 141,653                          | 338,779   | 6,763,015 | 7,100          | 6,770,115 | (83,354)                        | 6,686,761            |
| Operating income (loss)  | 360,446            | 6,936              | 15,521                  | (8,161)                          | 75,389    | 450,132   | 805            | 450,938   | (16,485)                        | 434,453              |
| Equity in earnings<br>(losses) of<br>nonconsolidated<br>subsidiaries and<br>affiliates | 9,249              | 1,235              | 1,609                   | (1,736)                          | 5,625     | 15,983    | -              | 15,983    | (953)                           | 15,029               |
| Segment income (loss)  | 369,696            | 8,171              | 17,131                  | (9,897)                          | 81,014    | 466,115   | 805            | 466,921   | (17,438)                        | 449,482              |
| Segment assets   | 3,077,776          | 409,949            | 315,014                 | 239,137                          | 328,671   | 4,370,549 | 119,847        | 4,490,396 | 110,786                         | 4,601,183            |
| Other items:   |                    |                    |                         |                                  |           |           |                |           |                                 |                      |
| Depreciation and<br>amortization   | 58,353             | 7,123              | 9,577                   | 4,445                            | 24,538    | 104,039   | 44             | 104,084   | 682                             | 104,767              |
| Amortization of<br>goodwill  | 7,227              | 20                 | 119                     | 2,142                            | -         | 9,510     | 0              | 9,510     | -                               | 9,510                |
| Impairment loss on<br>fixed assets   | 11,658             | 615                | 307                     | 2,127                            | 1,198     | 15,907    | -              | 15,907    | -                               | 15,907               |
| Investment in equity<br>method<br>nonconsolidated<br>subsidiaries and<br>affiliates    | 86,401             | 41,775             | 8,014                   | 17,984                           | 23,830    | 178,007   | -              | 178,007   | 25,602                          | 203,610              |
| Unamortized balance of<br>goodwill   | 113,209            | 59                 | -                       | 36,422                           | -         | 149,691   | 0              | 149,691   | -                               | 149,691              |
| Increase of property,<br>plant, equipment and<br>intangible fixed assets               | 47,350             | 10,262             | 14,732                  | 10,420                           | 31,188    | 113,954   | 112            | 114,067   | 4,731                           | 118,798              |

Notes:

1. The segment "Others" refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income (loss) of the reportable segments is reconciled to the amount of operating income and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated statement of income.
5. The amount of reconciliation for the segment assets represents elimination among the reportable segments and the amount of Company assets that are not allocated to reportable segments.
6. The amounts of reconciliation for "Depreciation and amortization" and "Increase of property, plant, equipment and intangible fixed assets" mainly represent depreciation and increases in fixed assets for research and development that do not belong to the reportable segments.

4. Changes in reportable segments

(Application of Revenue Recognition Accounting Standards)

As stated in the "Change in accounting policy", effective April 1, 2021, the Idemitsu Group applied the Revenue Recognition Accounting Standards. Accordingly, the method of calculating net sales and income or loss by reportable segment was also changed in

the same manner as the provisions under the Revenue Recognition Accounting Standards.

As a result of this change, for “Petroleum”, net sales decreased by ¥30,088 million and segment income increased by ¥118 million, and for “Power and renewable energy”, net sales decreased by ¥16,383 million and segment loss decreased by ¥513 million for the fiscal year ended March 31, 2022, compared with the previous method. This change does not have a material impact on net sales and segment income of other reportable segments.

## Related Information

FY2020 (From April 1, 2020 to March 31, 2021)

### (a) Information for each product and service

Since “Segment Information” includes similar information, descriptions have been omitted.

### (b) Geographic segment information

#### (1) Sales

(Unit: ¥Million)

| Japan     | Asia and<br>Oceania | North<br>America | Other<br>regions | Total     |
|-----------|---------------------|------------------|------------------|-----------|
| 3,476,849 | 775,478             | 216,468          | 87,823           | 4,556,620 |

#### (Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:  
Asia and Oceania : Singapore, Australia, China, South Korea, etc.  
North America : USA and Canada  
Other regions : UK, Norway, South America, etc.

#### (2) Property, plant and equipment

(Unit: ¥Million)

| Japan     | Asia and<br>Oceania | Other<br>regions | Total     |
|-----------|---------------------|------------------|-----------|
| 1,248,163 | 145,121             | 128,615          | 1,521,899 |

#### (Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:  
Asia and Oceania : Australia, China, Indonesia, Malaysia, etc.  
Others : Norway, USA, Canada, etc.

#### (3) Principal customer information

Of the net sales to outside customers, no customer accounted for 10% or more of net sales in the consolidated statements of income. As such, descriptions have been omitted.

FY2021 (From April 1, 2021 to March 31, 2022)

(a) Information for each product and service

Since “Segment Information” includes similar information, descriptions have been omitted.

(b) Geographic segment information

(1) Sales

(Unit: ¥Million)

| Japan     | Asia and<br>Oceania | North<br>America | Other<br>regions | Total     |
|-----------|---------------------|------------------|------------------|-----------|
| 4,916,597 | 1,180,976           | 411,500          | 177,686          | 6,686,761 |

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:  
Asia and Oceania : Singapore, Australia, China, South Korea, etc.  
North America : USA and Canada  
Other regions : UK, Norway, South America, etc.

(2) Property, plant and equipment

(Unit: ¥Million)

| Japan     | Asia and<br>Oceania | Other<br>regions | Total     |
|-----------|---------------------|------------------|-----------|
| 1,209,118 | 148,905             | 79,785           | 1,437,810 |

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:  
Asia and Oceania : Australia, China, Indonesia, Malaysia, etc.  
Others : USA, Canada, etc.

(3) Principal customer information

Of the net sales to outside customers, no customer accounted for 10% or more of net sales in the consolidated statements of income. As such, descriptions have been omitted.

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

The Company recorded an impairment loss of ¥11,658 million on certain of heavy oil power generating unit in the petroleum segment, ¥2,127 million on certain of solar-related assets in the power and renewable energy segment, and ¥1,198 million on certain of coal mining assets in the resources segment, respectively.

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

Since “Segment Information” includes similar information, descriptions have been omitted.

Information Regarding Amortization and Unamortized Balances of Goodwill by Reportable Segment

Since “Segment Information” includes similar information, descriptions have been omitted.

Information Regarding Negative Goodwill Gain by Reportable Segment

No negative goodwill was recognized during the periods.

(Other Notes to Consolidated Financial Statements)

Certain notes such as income taxes, securities, derivatives and retirement benefits to employees have been omitted since the Company believes that they are not as material as those disclosed in this release.

These notes will become available on EDINET on-line disclosure as the Company plans to file the Securities Report on June 23, 2022.

(Per Share Information)

|                      | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
|----------------------|---|---|
| Net assets per share | ¥3,871.69   | ¥4,749.70   |
| Net income per share | ¥117.47   | ¥940.15   |

(\*) 1. Diluted net income per share for the fiscal year is not calculated because dilutive shares do not exist.

2. In calculating net assets per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan (501,698 shares for the current fiscal year and 547,565 shares for the preceding fiscal year) are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the respective fiscal years. Also, in calculating net income per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan (501,698 shares for the current fiscal year and 547,565 shares for the preceding fiscal year) are included in the number of treasury stock that is to be deducted from the average number of the Company's issued shares during the respective fiscal years.

3. The basis for calculating net income per share is as follows:

|  | FY2020<br>(From April 1, 2020<br>to March 31, 2021) | FY2021<br>(From April 1, 2021<br>to March 31, 2022) |
|--|---|---|
| Net income per share:  |   |   |
| Net income attributable to owners of the parent (¥million)                         | 34,920  | 279,498   |
| Amount not attributable to common stock (¥million)                                 | —   | —   |
| Net income attributable to common stock (¥million)                                 | 34,920  | 279,498   |
| Weighted-average common shares outstanding during the period (thousands of shares) | 297,269   | 297,290   |

(Significant Subsequent Events)

None